



Village of Kimberly, WI
2025 Water Rate Study
Phase 1: Long-Range Cash Flow Analysis

March 11, 2025 Water Commission Meeting

Why are we here?

- Water Utility encountering increased capital investment and operating expenses
- Capital improvement plan show about \$5.3M in projects occurring sometime between 2025 and 2034 (see reference table at the end of the presentation)
 - Added analysis: potential \$2,250,000 Well #1 Replacement in 2033
- Ehlers to identify fiscal sustainability
- Our Process
 - PSC Education; Historical Rate & Financial Performance
 - Future Projections
 - O&M, Depreciation, and PILOT
 - Funding Projects: Debt vs. Cash
 - Rate Impact & Rate Structure Changes

PSC Windows of Opportunity to Adjust Rates

Simplified Rate Case ("SRC")

- Once a year and only if eligible
- Eligibility based on time and finances
 - Time: The cumulative rate increase of all SRCs since the last conventional rate case must not exceed 40 percent.
 - Finances: if PSC report indicates that year's SRC rate would not take utility over benchmark ROR

Conventional Rate Case ("CRC")

- Eligible whenever
- PSC will generally want their math

Water Rates Historical Implementation

- Last Conventional Rate Case (CRC) completed April 2019 for an overall rate increase of 23%
- Since last CRC (as reported in 2023 PSC AR)
 - UF Plant up (added capital) 15%
 - O&M has increased 80%
 - Depreciation up 20%
 - 2023 PSC AR ROR = -9.68%
- Simplified Rate Case (SRC) completed in 2000, 2005 and 2009. None since last CRC
 - The Village is eligible for SRC based on 2023 PSCAR ROR. PSC allowable SRC is currently 3%
 - The Village was not eligible for SRC in 2020, 2021 and 2022

PSC Math Review

How much revenue should we generate from user rates?



Cash Basis

- + Op. and Maint. Expenses
- + Taxes/Transfer Payments
- + Debt Service (P&I)
- + Capital funded from rates
- Less Non-rate Revenue
- = Total Revenue Requirements

Utility Basis - PSC

- + Op. and Maint. Expenses
- + Taxes/Transfer Payments
- + Depreciation
- + Rate of Return on Rate Base
- Less Non-Rate Revenue
- = Total Revenue Requirements

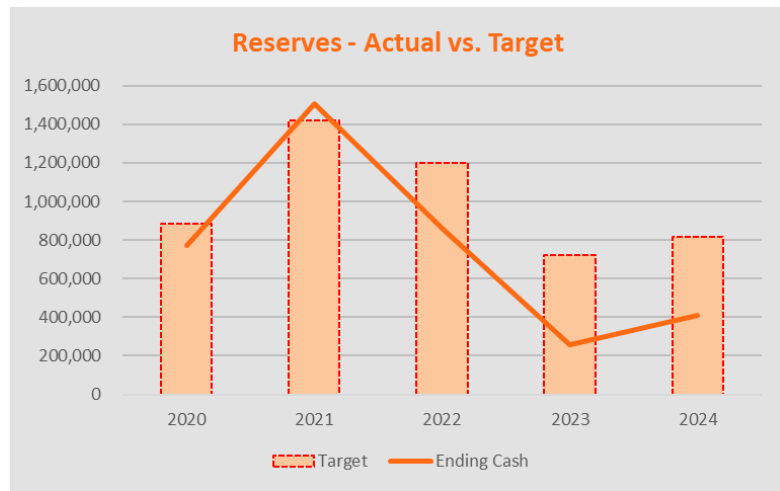
Water: Historical Rate Performance – PSC Math

		Shown with no increase				Est	Budget
Component	Description	2020	2021	2022	2023	2024	2025
Cash Basis							
1	O&M and PILOT	\$1,117,142	\$1,187,699	\$2,250,626	\$2,088,292	\$1,128,934	\$1,291,271
2	Debt	\$145,459	\$144,726	\$143,914	\$0	\$0	\$0
3	Cash Funded Capital	\$330,145	\$87,849	\$1,261,719	\$802,063	\$516,350	\$730,000
Less:							
	Other Revenue	\$146,916	\$502,466	\$971,213	\$152,704	\$100,169	\$100,169
	Interest Income	\$4,835	\$5,369	\$13,694	\$21,380	\$3,958	\$3,958
	Revenue Requirement (Costs less Other Income)	\$1,440,995	\$912,439	\$2,671,352	\$2,716,271	\$1,541,157	\$1,917,144
	User Rates Revenue	\$1,661,975	\$1,683,625	\$1,566,274	\$1,887,625	\$1,695,609	\$1,704,659
	Rate Adequacy	\$220,980	\$771,186	(\$1,105,078)	(\$828,646)	\$154,452	(\$212,485)
	Rate Adjustment Needed	0.00%	0.00%	70.55%	43.90%	0.00%	12.46%
Utility Basis (PSC)							
1	O&M and PILOT	\$1,117,142	\$1,187,699	\$2,250,626	\$2,088,292	\$1,128,934	\$1,291,271
2	Depreciation	\$260,376	\$262,458	\$273,930	\$276,110	\$282,500	\$304,313
	NIRB	\$6,085,729	\$6,006,421	\$6,588,022	\$7,010,539	\$6,880,200	\$7,208,323
	PSC Benchmark ROI %	4.90%	4.90%	4.90%	6.50%	6.20%	6.20%
3	PSC Calculated ROI	\$298,201	\$294,315	\$322,813	\$455,685	\$426,572	\$446,916
Less:							
	Other Revenue	\$146,916	\$502,466	\$971,213	\$152,704	\$100,169	\$100,169
	Revenue Requirement (Costs less Other Income)	\$1,528,803	\$1,242,006	\$1,876,156	\$2,667,383	\$1,737,837	\$1,942,331
	User Rates Revenue	\$1,661,975	\$1,683,625	\$1,566,274	\$1,887,625	\$1,695,609	\$1,704,659
	Rate Adequacy	\$133,172	\$441,619	(\$309,882)	(\$779,758)	(\$42,228)	(\$237,672)
	Rate Adjustment Needed	0.00%	0.00%	19.78%	41.31%	2.49%	13.94%

Adjustment needed on cash basis for future projects.

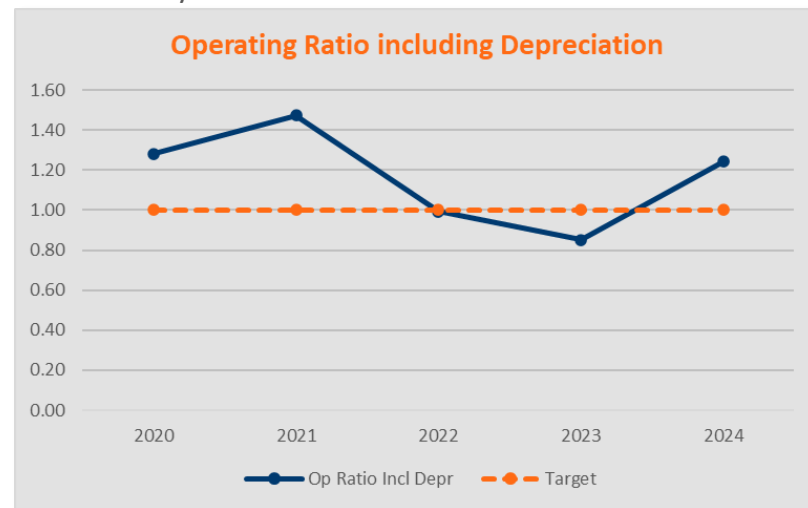
PSC Math has a compounding affect on water rates

Water: Historical Financial Indicators



- By cash funding projects the Village has been able to hold off issuing debt but drawing on cash balance can have consequences as well. Ehlers looks at 6 mo. O&M + Debt to be an ideal target.

- Operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water utility in the fiscal year answering the question, “are we recovering the first two cost buckets of Utility Basis?”



Water Rate Option 1 – Do Nothing

- Do nothing approach would eliminate current rate increase but would also increase amount needed to adjust rates to meet PSC Benchmark in the future compounding approx. 3.5% annually 2026-2032 until well assets are in service which at that time would require a 47.49% increase for the well project in 2033.
- (Depicted on next slide) The Village would spend down fund balance and would most likely have to take on debt to fund well replacement and other capital if no rate adjustments are made.

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Rate of Return										
Average Utility Plant in Service	11,749,343	12,276,843	12,647,523	12,949,428	13,396,543	13,812,433	13,992,433	14,127,433	15,364,933	16,654,933
Plus: Materials and Supplies	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586
Less: Avg. Utility Plant Accum. Depreciation	4,572,605	4,847,338	5,087,669	5,358,104	5,605,242	5,876,398	6,219,048	6,579,073	6,682,129	6,818,652
Less: Regulatory Liability	0	0	0	0	0	0	0	0	0	0
Average Net Investment Rate Base (NIRB)	7,208,323	7,461,090	7,591,440	7,622,910	7,822,887	7,967,621	7,804,971	7,579,945	8,714,390	9,867,867
Net Operating Income	209,244	151,107	100,796	49,956	(2,776)	(62,327)	(110,040)	(159,235)	(269,251)	(377,595)
ROR	2.90%	2.03%	1.33%	0.66%	-0.04%	-0.78%	-1.41%	-2.10%	-3.09%	-3.83%
PSC Projected Benchmark	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Rate Adj. to Benchmark	13.94%	18.27%	21.70%	24.79%	28.62%	32.64%	34.84%	36.91%	47.49%	58.04%

Water Rate Option 1 – Do Nothing

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$1,704,659	\$1,704,659	\$1,704,659	\$1,704,659	\$1,704,659	\$1,704,659	\$1,704,659	\$1,704,659	\$1,704,659	\$1,704,659
Percent Increase to User Rates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cumulative Percent Rate Increase	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dollar Amount Increase to Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Revenues	\$104,127	\$101,666	\$103,937	\$105,088	\$107,203	\$106,541	\$108,587	\$109,889	\$115,509	\$109,553
Total Revenues	\$1,808,786	\$1,806,325	\$1,808,597	\$1,809,748	\$1,811,863	\$1,811,200	\$1,813,246	\$1,814,549	\$1,820,168	\$1,814,213
Less: Expenses										
Operating and Maintenance ²	\$1,123,271	\$1,156,961	\$1,191,660	\$1,227,401	\$1,264,214	\$1,302,131	\$1,341,185	\$1,381,410	\$1,422,842	\$1,465,517
PILOT Payment	\$168,000	\$171,360	\$174,787	\$178,283	\$181,849	\$185,486	\$189,195	\$192,979	\$231,575	\$236,207
Net Before Debt Service and Capital Expenditures	\$517,515	\$478,005	\$442,149	\$404,064	\$365,800	\$323,584	\$282,866	\$240,159	\$165,751	\$112,489
Debt Service										
Existing Debt P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New (2025-2034) Debt Service P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$730,000	\$325,000	\$416,360	\$187,450	\$706,780	\$125,000	\$235,000	\$35,000	\$2,440,000	\$140,000
Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	(\$212,485)	\$153,005	\$25,789	\$216,614	(\$340,980)	\$198,584	\$47,866	\$205,159	(\$2,274,249)	(\$27,511)
<u>Restricted and Unrestricted Cash Balance:</u>										
Balance at first of year	✓ \$410,479	\$197,994	\$350,999	\$376,788	\$593,402	\$252,422	\$451,006	\$498,872	\$704,031	-\$1,570,218
Net Annual Cash Flow Addition/(subtraction)	-\$212,485	\$153,005	\$25,789	\$216,614	-\$340,980	\$198,584	\$47,866	\$205,159	-\$2,274,249	-\$27,511
Balance at end of year	\$197,994	\$350,999	\$376,788	\$593,402	\$252,422	\$451,006	\$498,872	\$704,031	-\$1,570,218	-\$1,597,729
"All-in" Debt Coverage	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!
PSC Days Cash on Hand	(26)	21	25	86	(17)	36	46	96	(493)	(488)

Notes:

1) Assumes no changes in customer count or usage beyond Test Year.

2) Assumes 3.00% annual inflation beyond budget year.

Legend:

	Simplified Rate Case (projected eligibility)
	Conventional (Full) Rate Case

Water Rate Option 2 – 2025 & 2033 CRC

- Completing a Test Year 2025 Conventional Rate Case with PSC Math increases the Village's cash flow while also helping to decrease the amount of rate adjustment the Village would be looking at for Well Replacement project in 2033.
- Model is showing that if PSC Math is followed there would be an approximate 14% adjustment in 2026 with a subsequent 30% increase for the well project in 2033.

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>Rate of Return</u>										
Average Utility Plant in Service	11,749,343	12,276,843	12,647,523	12,949,428	13,396,543	13,812,433	13,992,433	14,127,433	15,364,933	16,654,933
Plus: Materials and Supplies	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586
Less: Avg. Utility Plant Accum. Depreciation	4,572,605	4,847,338	5,087,669	5,358,104	5,605,242	5,876,398	6,219,048	6,579,073	6,682,129	6,818,652
Less: Regulatory Liability	0	0	0	0	0	0	0	0	0	0
Average Net Investment Rate Base (NIRB)	7,208,323	7,461,090	7,591,440	7,622,910	7,822,887	7,967,621	7,804,971	7,579,945	8,714,390	9,867,867
Net Operating Income	209,244	388,779	338,468	287,628	234,896	175,345	127,632	78,437	(31,579)	(139,923)
ROR	2.90%	5.21%	4.46%	3.77%	3.00%	2.20%	1.64%	1.03%	-0.36%	-1.42%
PSC Projected Benchmark	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Rate Adj. to Benchmark	13.94%	3.80%	6.81%	9.52%	12.88%	16.41%	18.34%	20.16%	29.44%	38.70%

Water Rate Option 2 – 2025 & 2033 CRC

	Budget	Projected								
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$1,704,659	\$1,942,331	\$1,942,331	\$1,942,331	\$1,942,331	\$1,942,331	\$1,942,331	\$1,942,331	\$1,942,331	\$2,514,202
Percent Increase to User Rates	0.00%	13.94%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	29.44%
Cumulative Percent Rate Increase	0.00%	13.94%	13.94%	13.94%	13.94%	13.94%	13.94%	13.94%	13.94%	47.49%
Dollar Amount Increase to Revenues		\$237,672	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$571,871
Total Other Revenues	\$104,127	\$101,666	\$105,126	\$107,471	\$110,786	\$111,330	\$114,588	\$117,109	\$132,398	\$113,286
Total Revenues	\$1,808,786	\$2,043,997	\$2,047,457	\$2,049,802	\$2,053,118	\$2,053,661	\$2,056,919	\$2,059,440	\$2,074,729	\$2,627,488
Less: Expenses										
Operating and Maintenance ²	\$1,123,271	\$1,156,961	\$1,191,660	\$1,227,401	\$1,264,214	\$1,302,131	\$1,341,185	\$1,381,410	\$1,422,842	\$1,465,517
PILOT Payment	\$168,000	\$171,360	\$174,787	\$178,283	\$181,849	\$185,486	\$189,195	\$192,979	\$231,575	\$236,207
Net Before Debt Service and Capital Expenditures	\$517,515	\$715,677	\$681,010	\$644,118	\$607,055	\$566,045	\$526,539	\$485,051	\$420,312	\$925,764
Debt Service										
Existing Debt P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New (2025-2034) Debt Service P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$730,000	\$325,000	\$416,360	\$187,450	\$706,780	\$125,000	\$235,000	\$35,000	\$2,440,000	\$140,000
Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	(\$212,485)	\$390,677	\$264,650	\$456,668	(\$99,725)	\$441,045	\$291,539	\$450,051	(\$2,019,688)	\$785,764
<u>Restricted and Unrestricted Cash Balance:</u>										
Balance at first of year	\$410,479	\$197,994	\$588,671	\$853,320	\$1,309,989	\$1,210,264	\$1,651,309	\$1,942,849	\$2,392,900	\$373,212
Net Annual Cash Flow Addition/(subtraction)	-\$212,485	\$390,677	\$264,650	\$456,668	-\$99,725	\$441,045	\$291,539	\$450,051	-\$2,019,688	\$785,764
Balance at end of year	\$197,994	\$588,671	\$853,320	\$1,309,989	\$1,210,264	\$1,651,309	\$1,942,849	\$2,392,900	\$373,212	\$1,158,975
"All-in" Debt Coverage	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
PSC Days Cash on Hand	(26)	96	171	300	259	373	439	542	6	199

Notes:

1) Assumes no changes in customer count or usage beyond Test Year.

2) Assumes 3.00% annual inflation beyond budget year.

Legend:

Simplified Rate Case (projected eligibility)

Conventional (Full) Rate Case

Option 2 Rate Impact Analysis – Avg. Res. User

Year	Water					Utility Bill (Annual)	Change Over Prior Year	% of MHI (68,295)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Monthly)	Change Over Prior Year				
		<u>Tiered</u>	<u>Serv. + PFP</u>						
2024		3.82	11.50	\$ 23.92		\$ 286.98		0.42%	2024
2025	0.00%	3.82	11.50	\$ 23.92	\$ -	\$ 286.98	\$ -	0.42%	2025
2026	13.94%	4.35	13.10	\$ 27.25	\$ 3.33	\$ 326.99	\$ 40.01	0.48%	2026
2027	0.00%	4.35	13.10	\$ 27.25	\$ -	\$ 326.99	\$ -	0.48%	2027
2028	0.00%	4.35	13.10	\$ 27.25	\$ -	\$ 326.99	\$ -	0.48%	2028
2029	0.00%	4.35	13.10	\$ 27.25	\$ -	\$ 326.99	\$ -	0.48%	2029
2030	0.00%	4.35	13.10	\$ 27.25	\$ -	\$ 326.99	\$ -	0.48%	2030
2031	0.00%	4.35	13.10	\$ 27.25	\$ -	\$ 326.99	\$ -	0.48%	2031
2032	0.00%	4.35	13.10	\$ 27.25	\$ -	\$ 326.99	\$ -	0.48%	2032
2033	0.00%	4.35	13.10	\$ 27.25	\$ -	\$ 326.99	\$ -	0.48%	2033
2034	29.44%	5.63	16.96	\$ 35.27	\$ 8.02	\$ 423.27	\$ 96.27	0.62%	2034
Total Change over planning period					\$ 11.36	\$ 136.29			

Notes:

1. Current water volumetric rate is \$3.82 per 1,000 gallons for the first 16,000 gallons per month.
2. The water user charges include a monthly service charge of \$6.00 plus a public fire protection charge of \$5.50 for a 5/8 inch meter.
3. The usage is assumed to be 3,250 Gallons per month.

Water Rate Option 3 – Option 2 w/ SRCs

- Completing a Conventional Rate Case in 2025 with PSC Math helps to decrease the amount of rate adjustment the Village would be looking at for the Well Replacement project in 2033. Adding in regular Simplified Rate Cases can help to lower the adjustment in 2033.
- Model is showing that if PSC Math is followed there would be about a 14% adjustment in 2026 with a subsequent 8.41% increase for the well project in 2033.
- Class C and D utilities: The cumulative rate increase of all SRCs since the last conventional rate case must not exceed 40 percent and financial eligibility projected (no SRC yields ROR > Benchmark)

	Budget 2025	Projected								
		2026	2027	2028	2029	2030	2031	2032	2033	2034
<u>Rate of Return</u>										
Average Utility Plant in Service	11,749,343	12,276,843	12,647,523	12,949,428	13,396,543	13,812,433	13,992,433	14,127,433	15,364,933	16,654,933
Plus: Materials and Supplies	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586	31,586
Less: Avg. Utility Plant Accum. Depreciation	4,572,605	4,847,338	5,087,669	5,358,104	5,605,242	5,876,398	6,219,048	6,579,073	6,682,129	6,818,652
Less: Regulatory Liability	0	0	0	0	0	0	0	0	0	0
Average Net Investment Rate Base (NIRB)	7,208,323	7,461,090	7,591,440	7,622,910	7,822,887	7,967,621	7,804,971	7,579,945	8,714,390	9,867,867
Net Operating Income	209,244	388,779	396,737	405,916	415,003	419,125	436,995	455,350	345,335	236,991
ROR	2.90%	5.21%	5.23%	5.32%	5.30%	5.26%	5.60%	6.01%	3.96%	2.40%
PSC Projected Benchmark	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Rate Adj. to Benchmark	13.94%	3.80%	3.70%	3.24%	3.30%	3.42%	2.08%	0.63%	8.41%	16.16%

Water Rate Option 3 – Option 2 w/ SRCs

	Budget 2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Revenues										
Total Revenues from User Rates ¹	\$1,704,659	\$1,942,331	\$2,000,601	\$2,060,619	\$2,122,438	\$2,186,111	\$2,251,694	\$2,319,245	\$2,319,245	\$2,514,202
Percent Increase to User Rates	0.00%	13.94%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	8.41%
Cumulative Percent Rate Increase	0.00%	13.94%	17.36%	20.88%	24.51%	28.24%	32.09%	36.05%	36.05%	47.49%
Dollar Amount Increase to Revenues		\$237,672	\$58,270	\$60,018	\$61,819	\$63,673	\$65,583	\$67,551	\$0	\$194,957
Total Other Revenues	\$104,127	\$101,666	\$105,126	\$107,762	\$111,671	\$113,119	\$117,605	\$121,688	\$145,371	\$130,157
Total Revenues	\$1,808,786	\$2,043,997	\$2,105,727	\$2,168,382	\$2,234,108	\$2,299,230	\$2,369,300	\$2,440,933	\$2,464,616	\$2,644,360
Less: Expenses										
Operating and Maintenance ²	\$1,123,271	\$1,156,961	\$1,191,660	\$1,227,401	\$1,264,214	\$1,302,131	\$1,341,185	\$1,381,410	\$1,422,842	\$1,465,517
PILOT Payment	\$168,000	\$171,360	\$174,787	\$178,283	\$181,849	\$185,486	\$189,195	\$192,979	\$231,575	\$236,207
Net Before Debt Service and Capital Expenditures	\$517,515	\$715,677	\$739,280	\$762,698	\$788,046	\$811,614	\$838,920	\$866,544	\$810,198	\$942,636
Debt Service										
Existing Debt P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New (2025-2034) Debt Service P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$730,000	\$325,000	\$416,360	\$187,450	\$706,780	\$125,000	\$235,000	\$35,000	\$2,440,000	\$140,000
Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	(\$212,485)	\$390,677	\$322,920	\$575,248	\$81,266	\$686,614	\$603,920	\$831,544	(\$1,629,802)	\$802,636
Restricted and Unrestricted Cash Balance:										
Balance at first of year	✓ \$410,479	\$197,994	\$588,671	\$911,590	\$1,486,838	\$1,568,104	\$2,254,718	\$2,858,638	\$3,690,182	\$2,060,380
Net Annual Cash Flow Addition/(subtraction)	✓ -\$212,485	\$390,677	\$322,920	\$575,248	\$81,266	\$686,614	\$603,920	\$831,544	-\$1,629,802	\$802,636
Balance at end of year	✓ \$197,994	\$588,671	\$911,590	\$1,486,838	\$1,568,104	\$2,254,718	\$2,858,638	\$3,690,182	\$2,060,380	\$2,863,016
"All-in" Debt Coverage	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!	✓ #DIV/0!
PSC Days Cash on Hand	(26)	96	189	352	363	542	688	885	439	623

Notes:

1) Assumes no changes in customer count or usage beyond Test Year.

2) Assumes 3.00% annual inflation beyond budget year.

Legend:

	Simplified Rate Case (projected eligibility)
	Conventional (Full) Rate Case

Option 3 Rate Impact Analysis – Avg. Res. User

Year	Water					Utility Bill (Annual)	Change Over Prior Year	% of MHI (68,295)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Monthly)	Change Over Prior Year				
		<u>Tiered</u>	<u>Serv. + PFP</u>						
2024		3.82	11.50	\$ 23.92		\$ 286.98		0.42%	2024
2025	0.00%	3.82	11.50	\$ 23.92	\$ -	\$ 286.98	\$ -	0.42%	2025
2026	13.94%	4.35	13.10	\$ 27.25	\$ 3.33	\$ 326.99	\$ 40.01	0.48%	2026
2027	3.00%	4.48	13.50	\$ 28.07	\$ 0.82	\$ 336.80	\$ 9.81	0.49%	2027
2028	3.00%	4.62	13.90	\$ 28.91	\$ 0.84	\$ 346.91	\$ 10.10	0.51%	2028
2029	3.00%	4.76	14.32	\$ 29.78	\$ 0.87	\$ 357.31	\$ 10.41	0.52%	2029
2030	3.00%	4.90	14.75	\$ 30.67	\$ 0.89	\$ 368.03	\$ 10.72	0.54%	2030
2031	3.00%	5.05	15.19	\$ 31.59	\$ 0.92	\$ 379.07	\$ 11.04	0.56%	2031
2032	3.00%	5.20	15.65	\$ 32.54	\$ 0.95	\$ 390.45	\$ 11.37	0.57%	2032
2033	0.00%	5.20	15.65	\$ 32.54	\$ -	\$ 390.45	\$ -	0.57%	2033
2034	8.41%	5.63	16.96	\$ 35.27	\$ 2.74	\$ 423.27	\$ 32.82	0.62%	2034
Total Change over planning period					\$ 11.36	\$ 136.29			

Notes:

1. Current water volumetric rate is \$3.82 per 1,000 gallons for the first 16,000 gallons per month.
2. The water user charges include a monthly service charge of \$6.00 plus a public fire protection charge of \$5.50 for a 5/8 inch meter.
3. The usage is assumed to be 3,250 Gallons per month.

Rate Comparison – By County (2)

Utility Name	County	Utility Class	Min. Qtrly Bill (0.625" meter)	6000 GAL	12000 GAL	15000 GAL	Effective Date
Bear Creek Water Utility	Outagamie	D	\$69.00	\$134.40	\$199.80	\$232.50	8/28/2019
Town of Lawrence Water Utility	Brown	C	\$36.00	\$89.10	\$142.20	\$168.75	8/1/2024
Denmark Municipal Water Utility	Brown	C	\$51.00	\$95.16	\$139.32	\$161.40	3/15/2024
Town of Scott Water Utility	Brown	D	\$36.00	\$85.56	\$135.12	\$159.90	1/4/2024
Village of Wrightstown Water Utility	Brown	C	\$43.26	\$88.38	\$133.50	\$156.06	6/1/2022
Village of Howard Water and Sewer Department	Brown	AB	\$50.70	\$91.80	\$132.90	\$153.45	1/20/2021
De Pere Water Department	Brown	AB	\$33.00	\$82.08	\$131.16	\$155.70	6/1/2024
Kaukauna Utilities	Outagamie	AB	\$37.80	\$84.28	\$130.76	\$154.00	10/16/2023
Village of Allouez Water Department	Brown	AB	\$34.50	\$72.60	\$120.30	\$144.15	1/1/2022
Town of Grand Chute Sanitary District 1	Outagamie	AB	\$21.00	\$69.84	\$118.68	\$143.10	7/1/2024
Ledgeview Sanitary District No 2	Brown	C	\$38.19	\$74.37	\$110.55	\$128.64	9/17/2020
GREENLEAF WATER UTILITY	Brown	D	\$37.50	\$70.20	\$102.90	\$119.25	12/18/2024
Bellevue Water Utility	Brown	AB	\$28.74	\$64.32	\$99.90	\$117.69	7/20/2015
Appleton Water Department	Outagamie	AB	\$21.90	\$58.38	\$94.86	\$113.10	1/1/2018
Kimberly Municipal Water Utility (TY2033 Adj.)	Outagamie	C	\$26.55	\$60.35	\$94.16	\$111.06	Proj. 1/1/2034
Fox Crossing Utilities	Outagamie	AB	\$21.00	\$55.14	\$93.24	\$112.29	11/15/2024
Combined Locks Water Utility	Outagamie	C	\$24.72	\$57.66	\$90.60	\$107.07	8/20/2019
Village of Hobart Water Utility	Brown	C	\$32.40	\$60.60	\$88.80	\$102.90	1/1/2024
Freedom Sanitary District No 1	Outagamie	C	\$31.74	\$58.74	\$85.74	\$99.24	6/16/2021
Pulaski Water Department	Brown	C	\$29.67	\$57.51	\$85.35	\$99.27	9/18/2024
Shiocton Municipal Utility	Outagamie	D	\$25.92	\$55.38	\$84.84	\$99.57	12/21/2023
Seymour Municipal Water Utility	Outagamie	C	\$28.20	\$56.16	\$84.12	\$98.10	4/28/2017
Town of Holland Sanitary District #1	Brown	D	\$22.50	\$52.50	\$82.50	\$97.50	12/31/2023
Ashwaubenon Water And Sewer Utility	Brown	AB	\$24.81	\$53.01	\$81.21	\$95.31	4/26/2023
Suamico Water Utility	Brown	C	\$30.00	\$55.08	\$80.16	\$92.70	6/14/2023
New London Electric and Water Utility	Outagamie	C	\$36.99	\$57.87	\$78.75	\$89.19	3/1/2024
Village of Hortonville Water and Sewer	Outagamie	C	\$29.25	\$53.85	\$78.45	\$90.75	3/21/2016
Green Bay Water Utility	Brown	AB	\$27.00	\$51.00	\$75.00	\$87.00	8/1/2024
Kimberly Municipal Water Utility (TY2025 Adj.)	Outagamie	C	\$20.51	\$46.62	\$72.74	\$85.80	Proj. 1/1/26
Nichols Municipal Water Utility	Outagamie	D	\$27.00	\$48.90	\$70.80	\$81.75	12/18/2020
Darboy Joint Sanitary District No 1	Outagamie	AB	\$18.00	\$44.16	\$70.32	\$83.40	9/24/2021
Little Chute Municipal Water Department	Outagamie	AB	\$19.11	\$43.95	\$68.79	\$81.21	9/29/2015
Kimberly Municipal Water Utility (CURRENT)	Outagamie	C	\$18.00	\$40.92	\$63.84	\$75.30	4/1/2019
Greenville Utilities	Outagamie	C	\$26.55	\$44.73	\$62.91	\$72.00	1/1/2025
Black Creek Municipal Water and Sewer Utility	Outagamie	D	\$24.48	\$42.42	\$60.36	\$69.33	1/1/2025

- No PFP for some (charged different by utility)
- Sorted by 12 kgal consumption column

Rate Structure Changes: Public Fire Protection

- CRC allows for tariff changes, and one common change is converting PFP from levy charge to water bill
- Currently charge 100k to tax bill and remainder to water bill
- Due to levy limits GF Expenditures > GF Revenues
 - ✓ There is a solution to reduce GF Expenditures!
 - ✓ By moving PFP to water bill it eliminates GF expenditure line item and free up about 100k to GF budget
 - ✓ Must change as a part of Conventional Rate Case

100k PFP Conversion Estimated Impact

Meter Size	Average Number of Customers by Meter Size							EQ meters Ratio	Equivalent Meters	PFP Costs Converted	
	Residential	Multifamily Residential	Commercial	Industrial	Public Authority	Wholesale	Non-Customers			Annual Rate	Base Rate
5/8"	2,563	20	127	3	5			1	2718	\$ 29.00	
1"		17	16	1	6			2.5	100	\$ 72.51	
1 1/2"		14	16	2	7			5	195	\$ 145.01	
2"		2	4	2	2			8	80	\$ 232.02	
3"		2	2	1	2			15	105	\$ 435.03	
4"		1		1		4		25	150	\$ 725.06	
6"				1		1		50	100	\$ 1,450.12	
									3448	\$ 29.00	Base Rate

Notes:

- 1 Currently charge on tax bill and water bill. Current PFP Mill Rate is \$.18. For an avg. RES assessment of 190,780 it would be \$33.75 per year.
- 2) This does not consider non-water customer properties. More information from Village needed.

- Adds a \$2.42 charge to monthly RES water bill or \$29 annually
- Currently avg. RES AV: 190k & pay \$33.75 annually
- Subject to changes for PFP costs reviewed during CRC

Recommendations

- Understand the PSC math with the goal to mitigate one-time rate adjustments
- File CRC Application for Test Year 2025 at benchmark ROR
- PSC CRC Rate Proceedings ESTIMATED Timeline:
 - Audit: 2-3 months
 - Public Hearing: 4-5 months
 - Implementation: 6 months
 - *Subject to PSC timing*
- The Village should look to complete future simplified rate increases to limit the adjustment needed for the potential 2033 Well Replacement

Questions?



2025 WRS Phase 1 Presentation

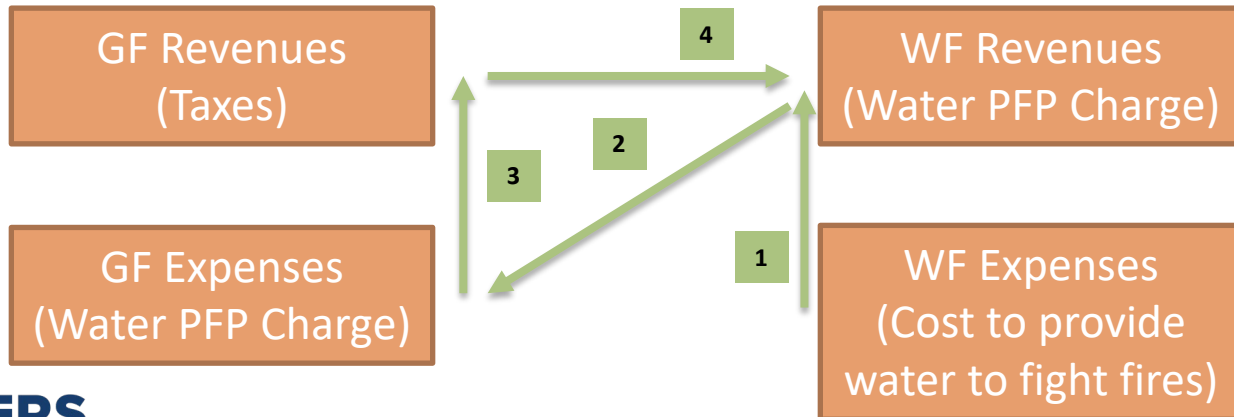
REFERENCE TABLES

Water Utility Capital Improvement Plan

Projects	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Totals
Hydrant Purchase	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250,000
Well # 2 Pull and Inspection	90,000									100,000	190,000
SCADA System Upgrade/Replacemnt	50,000										50,000
Rehab Well # 1 and Well # 3 Chlorine System	35,000										35,000
Install New Corrosion Control Chemical	30,000										30,000
Resin Replacement Well # 3		125,000									125,000
Well # 2 Resin Replacement		100,000									100,000
Well # 1 Well House Roof Replacement		55,000									55,000
2017 Truck Replacement			50,000								50,000
Well # 2 Garage Roof Replacement			5,000								5,000
Well # 3 Well House Roof Replacement				25,000							25,000
Well # 3 Pull and Inspection					125,000						125,000
2020 Truck Replacement						45,000					45,000
Well # 1 Reservoir Roof Replacement						40,000					40,000
Well # 2 Well House Roof Replacement							25,000				25,000
Well # 2 Reservoir Roof Replacement							25,000				25,000
Well # 3 Generator Replacement							150,000				150,000
Well # 1 Pull and Inspection									150,000		150,000
New Well: Replace Well # 1									2,250,000		2,250,000
Lead Service Replacement	100,000										100,000
Schindeler:Sunset-Fulcer	375,000										375,000
Washington:Mae to Kimberly Ave			321,360								321,360
Paul Drive				117,450							117,450
N Roger: Sunset-Kim					541,780						541,780
Meters Lead Conv/New Meters	25,000	15,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000	10,000	130,000
Tower # 2 Inspection		5,000				5,000					10,000
Well # 2 Reservoir Inspection				5,000					5,000		10,000
Tower # 1 Inspection					5,000					5,000	10,000
Actual CIP Costs	730,000	325,000	416,360	187,450	706,780	125,000	235,000	35,000	2,440,000	140,000	5,340,590

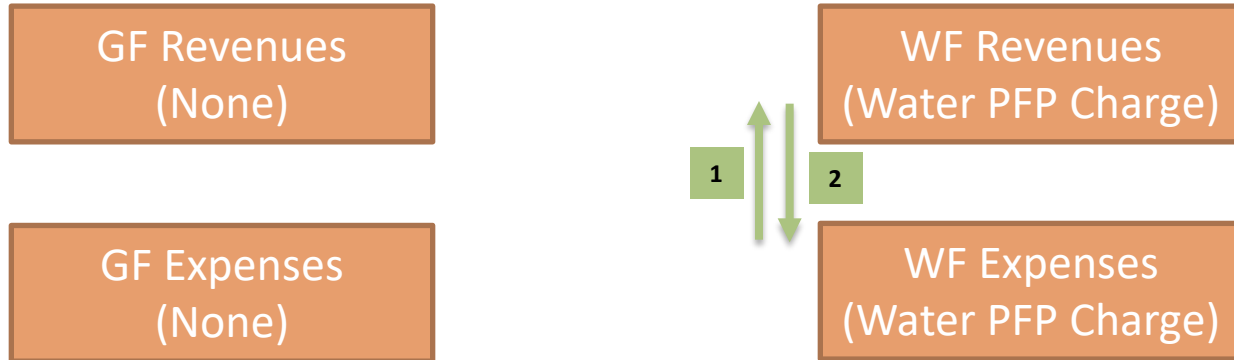
PFP Supplemental Information

- Move PFP from Tax Roll to Water Bill
- Currently
 - ✓ PFP Charge is GF Expenditure paid through tax roll & water bill (GF Revenue). Then GF pays Water Fund (WF Revenue)



PFP Supplemental Information

- Moving PFP Charge to water bill = change to in-line transaction to remove GF Expense
- Therefore, GF Expenses = GF Revenues



Impact PFP FAQ

- Will my tax bill go down?
 - ✓ The Village portion might only if change in levy change is proportionally lower than assessment change
 - ✓ The Village cannot control County/School/Other portion of tax bill
- Does PFP include fire department expenses?
 - ✓ No. PFP is for water assets allocated to fighting fires. Nothing to do with firefighter salaries, etc.

Impact PFP FAQ

- Does who pays for PFP change?
 - ✓ Currently, any Village taxpayer pays for PFP
 - ✓ Proposed all water customers and noncustomers who are located in the Village and in water service area.
 - ✓ Only new PFP contributors are tax exempt water customers (i.e. school)
- Do neighboring utilities do this?
 - ✓ Yes. About 65% WI utilities have PFP on water bill.

Impact PFP FAQ

- What about the outside users (as applicable)?
 - ✓ Currently pay via surcharge rate and now they'll pay as water customer.